

Adm - 13.7

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DD/ST# 017-69/1

ORD-0804-89

5 February 1969

MEMORANDUM FOR: Deputy Director/CRD

SUBJECT : Planning Under Contract Actions

REFERENCE : DD/S&T-017-89 of 3 January 1969 to
Chief, Procurement Division, Office of
Logistics from [] re
Contractor Reports on Contracts of
Directorate of Science and Technology.

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1. [] comments on the reference for deliverable report criteria seem to be well taken. He suggests a threshold of either (a) life greater than three months and/or (b) cost greater than \$15K for cutoffs. Paragraph 4 of the reference memorandum looks like a particularly moot item for CRD. A few written thoughts on this paragraph are set forth below. These items would address steps taken to include an effective standard plan with each contract proposal where a plan was required.

2. The following steps lay out items that an engineer (in industry) would consider vital in any plan for a proposal. Conversely, these items have real meaning in exercising control over the prosecution of the plan, and it offers selection criteria. Salient items are as follows:

a. MANHOURS CURVE VS MONTHS - cumulative (Fig. 1a)

1. Scientists/engineer hours cumulative.
2. Tech aide/drafting/support hours cumulative.
3. Miscellaneous - production, programmers, categories, etc.

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GROUP 1
Excluded from automatic
downgrading and
declassification

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It would be expected that these would build up at a fast slope then taper off in the life of the contract. The characteristics would vary upon the job, but these are the production controls that have meaning to the engineer supervisor as well as to the government monitor.

b. MATERIAL COSTS VS MONTHS - cumulative (Fig. 1b)

It would be expected that material purchases would be 90% completed in the majority of contracts by the first half of the contract life. However, this curve furnishes a meaningful control for the engineer. Long-lead purchase items require very early identification and action.

c. COMPUTER TIME/COSTS VS MONTHS (Fig. 1c)

This could be a constant slope curve and generally includes subsidiary costs such as key punch, system programming, etc.

d. TOTAL DOLLARS VS MONTHS (Fig. 1d)

This is generally the item furnished now. There are overhead costs, G&A, etc. Items included on this over which zero technical control is exercised by engineering considerations. The dual system of ASPRS combines these costs generally. Thus they are not of prime relevance to the engineering milestone chart. It is important that recognition of these administrative costs as largely non-technical be made.

e. TECHNICAL INTERMEDIATE MILESTONES VS MONTHS
(Fig. 1e)

As many intermediate milestone points as feasible should be identified in order to provide the necessary building blocks for the total effort. This progression of events positively gives precursors of overrun at an early date. Long-lead procurement design review milestones, management approval decision points, etc. require early planning identification.

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3. It is recommended that ORD make a positive input to any planning action anticipated in contract administration by the Directorate, since the Office's contracts constitute about [] of the total effort.

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Attachment

As stated

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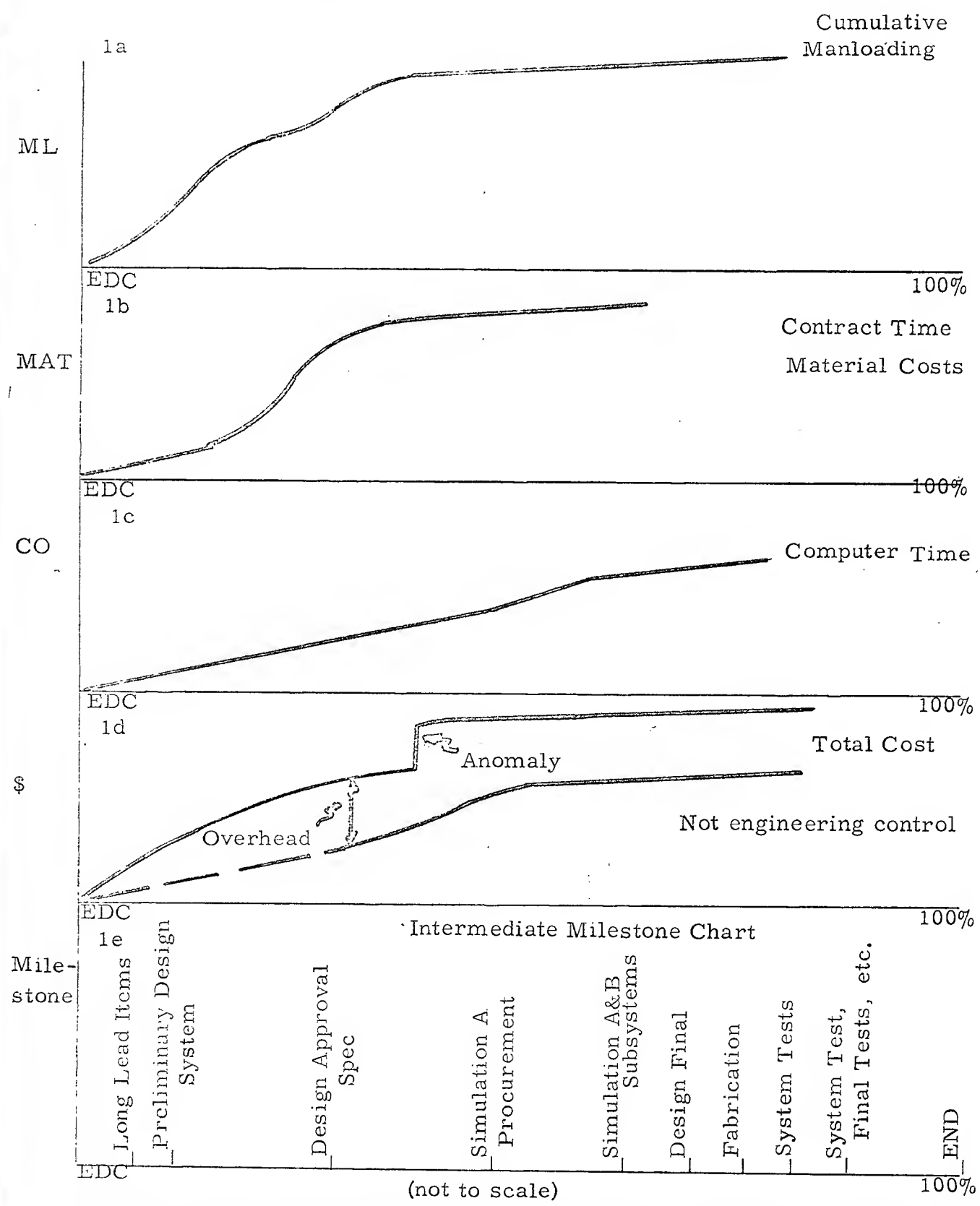
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EXAMPLES OF CONTRACT INFORMATION FOR TECHNICAL CONTROL REQUIRED BY PROJECT ENGINEER IN INDUSTRY.

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